

## **GRANT AGREEMENT**

This grant agreement (this "Agreement") is made effective on July 19, 2017, (the "Effective Date") between the **University of Utah**, a body politic and corporate of the State of Utah, (the "University"), and the **Charles Koch Foundation**, a Kansas nonprofit corporation (the "Donor"). This Agreement is for the benefit of a new institute for economics to be named the Marriner S. Eccles Institute for Economics and Quantitative Analysis (the "Institute"), which will be housed in the David Eccles School of Business (the "School") at the University. The University and the Donor are sometimes referred to in this Agreement individually as a "Party" and collectively as the "Parties." The Parties agree as follows:

1. **Promoting Academic Freedom.** Consistent with the Donor's principles of supporting open inquiry and a diversity of ideas in higher education, the Donor's grant is intended to help promote a republic of science at the University, where ideas can be exchanged freely and useful knowledge will benefit the well-being of individuals and society. Thus, the Parties agree that the academic freedom of the University, the Institute, and their faculty, students, and staff is critical to the success of the Institute's research, scholarship, teaching, and service.

2. **The University's Proposal.** The Parties enter into this Agreement based on the University's proposal, which is hereby incorporated into and made part of this Agreement, and attached as Attachment A (the "Proposal"). The Parties acknowledge that creation, and naming of the Institute by the University is subject to the necessary approvals pursuant to University policies and procedures. Pending approval of the creation of the Institute, the Proposal reflects the vision of and relies on the leadership of Dr. Adam Meirowitz, who was selected by the University and School, according to their normal procedures, to be the director of the Institute (the "Institute Director"). As stated in the Proposal and consistent with the Institute Director's vision, the mission of the Institute is to push the frontiers of knowledge through academic research and provide University students access to education in economics, game theory and econometric analysis (the "Institute's Mission").

3. **The Institute Programs.**

a. **Generally.** To support the Institute's Mission, the University desires to create the following positions and activities to affiliate with the Institute, collectively referred to as the "Institute Programs." The Institute Programs are described more fully in the Proposal and include the following positions and support: "Seven (7) Tenure-track Professorships;" "Administrative costs and expenses, including Institute Director Salary support;" "Graduate Fellowships and Scholarships;" "Career Line Faculty;" and the "Institute Activities and Research Support." The University shall use any funds received under this Agreement to support the Institute Programs in accordance with the terms of this Agreement. According to the University's normal procedures, the Institute Director is responsible for directing the Institute Programs, which includes allocating and administering the Institute's budget, supervising Institute staff, mentorship, and other duties to advance the Institute's Mission as deemed appropriate by the Institute Director.

b. **Selection According to the University's Normal Procedures.** The selection of the foregoing positions and fellowships by the University must follow the University's standard procedures, in accord with University policy for selecting such positions and fellows for the applicable academic units.

4. **The University's Support for the Institute.** The University shall support the Institute Programs to advance the University's mission, ensuring that the faculty, students, and staff working with the Institute have adequate space to achieve the Institute's Mission. Therefore, the University shall provide the Institute with an office suite which will be located on the 3rd floor of the new Executive Education Building (the "Building"). The Building will open in fall of 2018 and will provide contiguous office space including shared conference and meeting spaces. During the period between thirty (30) days following the Effective Date and the opening of the Building, the University will provide adequate contiguous office space, including shared conference and meeting spaces, to achieve the Institute's Mission.

5. **The Donor's Support for the Institute.**

a. **Contributed Amount.** Subject to the terms of this Agreement, the Donor proposes to contribute funds in the amount up to Ten Million Dollars (\$10,000,000.00) to the University solely to support the Institute Programs to advance the Institute's Mission (all or part of such funds are referred to as the "Contributed Amount(s)"). The annual Contributed Amounts will be disbursed to the University pursuant to Section 6 of this Agreement. The maximum annual Contributed Amount for each Institute Program is as follows:

During the First Four (4) years of Term (2017-2020)

| <b><u>Institute Programs</u></b>   | <b><u>Contributed Amount</u></b> |
|--|----------------------------------|
| Salary and benefits for the seven (7) Tenure-track Professorships              | Up to \$2,400,000                |
| Administrative costs and expenses, including Institute Director Salary support | Up to \$600,000                  |
| Costs and expenses for Graduate Fellowships and Scholarships                   | Up to \$800,000                  |
| Career Line Faculty  | Up to \$1,200,000                |

During the Second Four (4) years of the Term (2021 -2024)

| <b><u>Institute Programs</u></b>   | <b><u>Contributed Amount</u></b> |
|--|----------------------------------|
| Salary and benefits for the seven (7) Tenure-track Professorships              | Up to \$2,400,000                |
| Administrative costs and expenses, including Institute Director Salary support | Up to \$600,000                  |
| Costs and expenses for Graduate Fellowships and Scholarships                   | Up to \$800,000                  |
| Career Line Faculty  | Up to \$1,200,000                |

b. **Other Support.** If the University and Donor mutually agree, the Donor may also contribute in-kind services to the University to help promote the work of the University, the Institute, or the University faculty, students, and staff.

c. **Contingent Grant.** The Donor's support under this Agreement is expressly contingent upon the Marriner S. Eccles Foundation and the George S. and Dolores Dore Eccles Foundation (the "Eccles Foundations"), each executing an agreement with the University providing for a grant from the Eccles Foundations (the "Eccles Grant Agreements") to support the Institute Programs. Therefore, the Donor shall not provide any of the Contributed Amount or be obligated to fulfill any other obligation until the Eccles Grant Agreements are executed and attached to this Agreement as Attachments B and C. The Donor's pledge to make contributions pursuant to this Agreement and the Eccles Foundations' pledges to make contributions pursuant to the Eccles Grant Agreements are each contingent upon each other. Therefore, any breach of this Agreement, if caused by the University, is a separate and independent breach on the part of the University under the Eccles Grant Agreements and entitles the Eccles Foundations to exercise any and all of their remedies provided in the Eccles Grant Agreements, up to and including the right to terminate the Eccles Grant Agreements.

6. **Grant Process and Administration.**

a. **The Institute Grant Request.** The University shall submit an annual written request according to the schedule below to the Donor for the Donor's consideration (the "Institute Grant Request"). In addition, prior to Donor's consideration of funding for the second four-year term, the University shall provide Donor as part of the Institute Grant Request with an update on whether the activities of the Institute have proceeded according to the plans described in the Proposal (e.g., was the Institute timely established, were tenured-track faculty hired, have students received fellowships and matriculated in the economics major within the School, etc.). The Donor will

consider the progress made in establishing this new program as part of its funding decision. If the Donor approves the Institute Grant Request, the Donor shall make a contribution up to the amount listed in the below schedule to the Institute, and the University shall accept such Contributed Amount. If the Donor does not approve the Institute Grant Request, the Donor is under no obligation to contribute any funds to the Institute or University.

b. The Institute Grant Request and Proposed Grant Award Schedule.

| <u>Institute Grant Request Date</u>   | <u>Donor Response and Proposed Contribution Date</u>   | <u>Contributed Amount</u> |
|---|--|---------------------------|
| Submitted on or after the date the University receives all necessary approvals for the creation and naming of the Institute | Within thirty (30) days from the date the University submits its first Institute Grant Request | Up to \$ 1,250,000        |
| May 1, 2018   | On or about July 1, 2018   | Up to \$ 1,250,000        |
| May 1, 2019   | On or about July 1, 2019   | Up to \$ 1,250,000        |
| May 1, 2020   | On or about July 1, 2020   | Up to \$ 1,250,000        |
| May 1, 2021   | On or about July 1, 2021   | Up to \$ 1,250,000        |
| May 1, 2022   | On or about July 1, 2022   | Up to \$ 1,250,000        |
| May 1, 2023   | On or about July 1, 2023   | Up to \$ 1,250,000        |
| May 1, 2024   | On or about July 1, 2024   | Up to \$ 1,250,000        |
| Total Maximum Aggregate Contributed Amount:   |  | Up to \$10,000,000        |

c. The Fund. The University shall place all of the Contributed Amount in a segregated and restricted fund on its books and records called the "Marriner S. Eccles Institute for Economics-CKF Fund" (the "Fund"). The University shall solely use the Fund to support the Institute Programs as stated in this Agreement. The University shall make the Fund available for contributions from other donors. If another donor makes a contribution to the Fund, the University shall annually notify the Donor of the amount donated and, if permitted by the other donor, the name of the other donor.

7. Contributed Amount Used Solely for Charitable Purposes for the Institute Programs.

a. Tax Status. According to IRS records, the University is an organization described within the meaning of Internal Revenue Code (the "Code") sections 501(c)(3) and 509(a)(1). The University has furnished the Donor with records showing that it is an organization described in Code section 170(c)(1) or 511(a)(2)(B). The University shall immediately notify the Donor if its tax status changes.

b. Charitable Purpose. The University shall use the Contributed Amount solely for the Institute Programs, which is a charitable purpose described in section 170(c)(2)(B) of the Code. The University shall not use the Contributed Amount to influence legislation as described in section 4945(d)(1) of the Code, to influence the outcome of any election, for a political campaign or intervention, to carry on any voter registration drive, or any other purpose that would jeopardize the Donor's tax-exempt status or subject the Donor to penalties under Chapter 42 of the Code.

c. Institute Programs. The University shall return to the Donor any Contributed Amount not spent for the Institute Programs.

**8. General Terms.**

a. Term. The term of this Agreement is from the Effective Date to the later of eight (8) years or until the University has spent all of the Contributed Amount, unless earlier terminated pursuant to this Agreement.

b. Termination. The Donor and the University each, in their sole and absolute discretion, has the right to terminate this Agreement if: (i) either Party breaches any term of this Agreement; (ii) the Institute Programs are not advancing the Institute's Mission; or (iii) such action is necessary to comply with any law applicable to the University or the Donor. Such termination is effective upon the expiration of thirty days from the date notice was provided by either Party. If the Agreement is terminated, the University shall return all unspent Contributed Amounts to the Donor within fifteen days of the Donor's request. The University is not relying on the Donor's proposed funding under this Agreement to incur any obligation or take any action or inaction.

c. Publicity. The Parties shall give each other a reasonable opportunity to review any significant public announcement related to the Agreement. The Parties shall not use each other's logos without the applicable Party's express written consent.

d. Donor Privacy. The University shall keep confidential and not disclose to any third party the existence of or contents of this Agreement, unless: (i) the Parties have expressly agreed in writing to disclose such information pursuant to Section 8(c); or (ii) the University is required by law to disclose the existence of or the content of this Agreement to a third party and the University provides the Donor with at least five days' advance written notice of such disclosure.

e. Entire Agreement. The terms contained in this Agreement supersede all prior oral or written agreements and understandings between the Parties related to the matters contained in this Agreement and constitute the entire agreement between the Parties with respect to the matters contained in this Agreement.

f. Order of Precedence. If there is a conflict between the terms of this Agreement and the terms in the Proposal, this Agreement controls.

g. Amendments. No amendment to this Agreement will be effective unless it is in writing and signed by the Parties.

h. Severability. The terms of this Agreement are severable. If any court of competent jurisdiction construes any term of this Agreement to be illegal, invalid, or unenforceable, the legality, validity, and enforceability of the remaining terms of this Agreement will not be affected,

i. No Waiver. No delay or failure by any Party to enforce any right or claim under this Agreement is a waiver of such right or claim. Any waiver by any Party of any term of this Agreement is not a further or continuing waiver of such term.

j. Third Party Rights. This Agreement relates to and is for the benefit of the charitable and educational mission of the Eccles Foundations. Therefore, the Eccles Foundations have rights under this Agreement. Otherwise, this Agreement does not give any rights or remedies to any third party other than the permitted assigns of the Parties.

k. Governing Law; Venue. This Agreement is governed, interpreted and enforced in accordance with the laws of the Commonwealth of Virginia, without regard to conflict of law provisions. Any action or proceeding filed relating to this Agreement must be commenced and maintained exclusively in the state courts located in Arlington County, Virginia, or the federal courts located in the Eastern District of Virginia. Each of the Parties consent to the exclusive personal jurisdiction of such courts for any such action or proceeding.

l. No Assignment. The University shall not transfer or assign its interest in the Agreement or any amount to be contributed pursuant to this Agreement without the express written consent of the Donor.

m. Notice. All notices in connection with this Agreement must be in writing and are effective when delivered personally by hand or one business day after the day sent by overnight courier at the address below, or to another address provided by a Party to the other Parties.

If to the University:

David Eccles School of Business  
1655 Campus Center Dr.  
Salt Lake City, UT 84112

With a copy to:  
University of Utah  
Office of General Counsel  
201 Presidents Circle, Room 306  
Salt Lake City, UT 84112

If to the Donor:

Charles Koch Foundation  
1320 N. Courthouse Road, Suite 500  
Arlington, VA 22201  
Attn: Grants Administration  
cc: General Counsel's Office

n. Counterparts. This Agreement may be executed in several counterparts, each of which constitutes an original and all of which, when taken together, constitute one agreement or direction. Copies of signatures (whether facsimile or other electronic transmission) to this Agreement are deemed to be originals and may be relied upon to the same extent as the originals.

The Parties have hereby executed this Agreement as dated below, but agree that this Agreement is effective as of the Effective Date.

**UNIVERSITY OF UTAH**

By: Taylor Randall

Name: Taylor Randall

Title: Dean, David Eccles School of Business

Date: 7/19/17

By: David W. Pershing

Name: David W. Pershing

Title: President

Date: 7/19/17

**CHARLES KOCH FOUNDATION**

By: \_\_\_\_\_

Name: Brian Hooks

Title: President

Date: \_\_\_\_\_

## ATTACHMENT A

### University of Utah Proposal to Support the Marriner S. Eccles Institute for Economics and Quantitative Analysis

#### **Mission**

The mission of the Institute is to push the frontiers of knowledge through academic research and provide University of Utah students access to high quality education in economics, game theory and econometric analysis.

#### **Institute Programs**

##### **Administrative Support and Institute Director Salary Support**

The Institute will develop administrative capabilities to support the operations of the Institute. This support will include salary support for the Institute Director. This support may also include event coordination, tracking and monitoring expenses, managing human resources, overseeing day-to-day activities, and processing financial transactions. This Proposal reflects the vision of and relies on the leadership of Dr. Adam Meirowitz, who was selected by the University and School, according to their normal procedures, to be the director of the Institute (the "Institute Director"). According to the University's normal procedures, the Institute Director is responsible for directing the Institute Programs, which includes allocating and administering the Institute's budget, supervising Institute staff, mentorship, and other duties to advance the Institute's Mission as deemed appropriate by the Institute Director.

##### **Tenured-Track Professorships**

The University will hire seven (7) tenurable/tenure-track faculty members that will be affiliated with the Institute. These individuals will be members of the David Eccles School of Business. The faculty members will be expert full time scholars and devote a significant part of their time to the Institute and its programs, including teaching, research, and mentorship of students. The first two individuals hired will begin providing services to the University by the fall 2018 semester. The third and fourth individuals hired will begin providing services to the University by the fall 2019 semester. The remaining three individuals hired will begin providing services to the University by the fall 2020 semester.

##### **Career Line Faculty**

The University will hire 3 career line faculty that will be affiliated with the Institute and devote a significant part of their time to the Institute and its programs, including teaching, research, and mentorship of students. The first Career Line Faculty hired will begin providing services to the University by the fall 2018 semester. The second Career Line Faculty hired will begin providing services to the University by the fall 2022 semester. The third Career Line Faculty hired will begin providing services to the University by the fall 2023 semester.

##### **Graduate Fellowships and Scholarships**

The University will annually select, according to its normal procedures, fellows and scholarship recipients for students pursuing degrees in economics and quantitative analysis. The fellows and scholarship recipients will engage in research and programs that advance the Institute's Mission. Individuals selected for the Institute fellowships and scholarships may hold the fellowship or scholarship for consecutive years.

##### **Institute Activities and Research Support**

The Institute will develop world class academic research and disseminate related products to inform academic and broader audiences. Research Support may also include conference and travel funding for faculty and students, and research grants for faculty and students outside of the Institute to engage in its mission. The Institute will also host visiting faculty, colloquia, workshops, and conferences to bring in faculty, scholars, and students from various institutions to participate in the exchange of ideas related to the Institute's mission.

**ATTACHMENT B**

**MARRINER S. ECCLES FOUNDATION GRANT AGREEMENT**

**ATTACHMENT C**

**GEORGE S. AND DOLORES DORE ECCLES FOUNDATION GRANT AGREEMENT**